GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1099
ANSWERED ON:21.07.2017
Domestic Savings
Manjhi Shri Hari

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any target for domestic saving;

(b) if so, the details thereof;

(c) the proportion of growth in domestic savings in comparison to Gross Domestic Product (GDP) during each of the last three years; and

(d) the steps taken/being taken by the Government to encourage the domestic savings and to promote the economy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) and (b): No specific annual targets for domestic savings are set by the Government.

(c): Saving rate, defined as the ratio of Gross Domestic Savings to GDP at current market price was 32.1 per cent, 33.1 per cent and 32.3 per cent respectively in 2013-14, 2014-15 and 2015-16. The information on Gross Domestic Saving is not available for the year 2016-17. The growth rate in Gross Domestic Saving at current prices was 7.1 per cent, 14.2 per cent and 7.3 per cent respectively in 2013-14, 2014-15 and 2015-16.

(d): Savings are realized from three broad categories of savers, viz. households, private corporate sector and public sector. Various measures have been taken by the Government to improve household financial savings, which, inter alia, include: re-launch of the certificate savings scheme called Kisan Vikas Patra; Sukanya Samriddhi Yojana that can contribute significantly to the financial security to the girl child; and, Pradhan Mantri Jan-Dhan Yojana (PMJDY) which has been a landmark initiative of financial inclusion. Under PMJDY, about 29.09 crore bank accounts have been created -- of which around 60 per cent are in the rural and semi urban areas − and deposits amounting to about Rs.64,922 crore have been mobilized as on 12th July 2017. The budget 2017-18 reduced the tax rate of assesses earning income between Rs. 2.5 lakh and Rs. 5 lakh from 10 per cent to 5 per cent that could encourage household savings. Other initiatives like: increase in the personal income tax exemption limit, increase in the limit of deduction under the Income Tax Act for health insurance premium, contribution to specific pension funds and contribution by the employees to National Pension Scheme, also have the potential to boost household savings. The Government has also taken steps to popularise the Small Savings Schemes by carrying out publicity on an all-India basis. Greater public saving is sought to be achieved through efforts at fiscal consolidation, including rationalization of subsidies and promotion of direct benefit transfer. The initiative to reduce corporate tax in a phased manner and various initiatives to encourage industry and enterprise are expected to improve corporate savings.
The Government of India has taken various initiatives to boost the GDP growth which, inter alia, include; fillip to manufacturing and infrastructure and concrete measures for transport and power sectors as well as other urban and rural infrastructure and comprehensive reforms in the policy for foreign direct investment. Government has also announced various measures in the Budget 2017-18 to promote growth in the economy which, among others, include push to infrastructure development by giving infrastructure status to affordable housing, higher allocation to highway construction, focus on coastal connectivity and taking up the second phase of Solar Park. The other growth promotion measures include: lower income tax for companies with annual turnover up to Rs 50 crore; further measures to improve the ease of doing business; and, a major push to digital economy. The Budget also targeted to provide higher agricultural credit and to increase employment significantly. The introduction of the Goods and Services Tax (GST) has provided a significant opportunity to improve growth momentum by removing barriers to trade, business and related economic activities.
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